

May-August 1984

Senator Laxalt and the Mob

Counterspy

FOR THE PEOPLE WHO NEED TO KNOW: ALL OF US

CIA
FRONT



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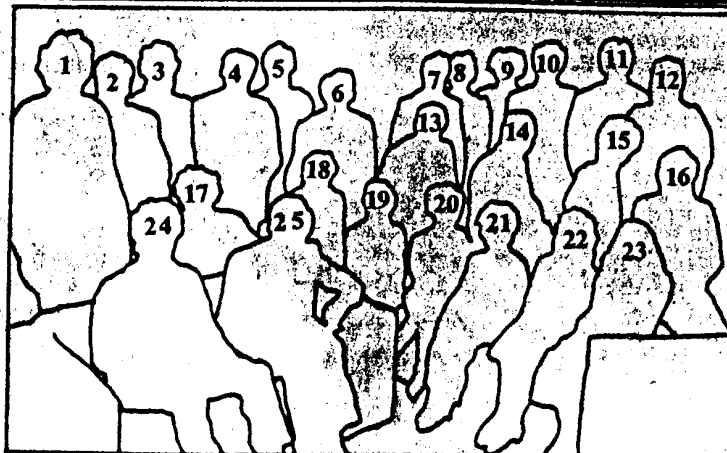
Bishop, Baldwin, Rewald, Dillingham

International Consultants



The staff of the now bankrupt Bishop, Baldwin, Rewald, Dillingham & Wong posed for this company photograph. Their names correspond with the numbers at right.

- | | |
|----------------------|----------------------|
| 1. Gerald N.Y.C. Lam | 14. Robert Jinks |
| 2. Edward Hoffman | 15. John Ing |
| 3. D. Alden Newland | 16. Pranata Hajadi |
| 4. John Kindschi | 17. Kenneth Sanders |
| 5. Charles Conner | 18. Nolan Metzger |
| 6. Gunadi Gautama | 19. Yoshiko Payne |
| 7. Jerry Signori | 20. Chris Freeze |
| 8. Timothy Holzer | 21. Sall Toda |
| 9. Richard Spiker | 22. Karen Koshko |
| 10. Michael Dailey | 23. Mary Rudolph |
| 11. Jason Wong | 24. Sunlla Wong |
| 12. David Baldwin | 25. Ronald R. Rewald |
| 13. Ned Avary | |



generals, governors, and multi-millionaires. Apparently, the suicide attempt was connected to the sudden misfortunes of Rewald's Honolulu-based company, Bishop, Baldwin, Rewald, Dillingham, & Wong (BBRDW). On the very day of Rewald's suicide attempt, there was a television broadcast about BBRDW. The report was that BBRDW had fraudulently misrepresented itself to investors. And, therefore, was under government investigation.

BBRDW was in the investment advisement business. According to its registration statement with the Securities and Exchange Commission (SEC), BBRDW provided investment advice at the rate of \$180 per hour. "Our principal business," said the statement, "is serving as estate planners and business advisers and we serve clients who are interested in estate planning advice, such as wills, trusts, pension plans, and tax and bookkeeping advice."

BBRDW also provided free economic reports to its clients and real estate assistance for an hourly fee. BBRDW claimed to receive no percentages, commissions, or royalties for its work.

BBRDW's SEC statement failed to mention its Tax Deferred Investment Savings Account. Through this account, BBRDW offered and sold securities in the form of interest-20% guaranteed interest with it rising to 25% to 27% annually. BBRDW claimed these monies were put into lucrative investments. That they were insured for up to \$150,000 by the Federal Deposit Insurance Corporation (FDIC). And, that investors could have their money back upon demand.

It was the investment account that got Rewald and BBRDW into trouble. On the Monday following Rewald's suicide attempt, a BBRDW investor, Hugh Fraser, an insurance agent, went to BBRDW's office. He had seen the TV reports about BBRDW as well as Rewald's suicide attempt. He wanted his money back immediately as promised. Fraser could not get into the office. So, he phoned. He was told that no funds were being disbursed.

On August 3, 1983, Fraser filed a formal complaint with the Hawaii Department of Regulatory Agencies (DRA) and the Honolulu Police Department. Subsequently, Rewald was arrested. And, imprisoned under a \$10 million bail for two counts of



Jack Kindschi, former CIA station chief in Hawaii, and Rewald pose during a 1983 BBRDW social function. Kindschi, according to Rewald, was the principal contact between BBRDW and the CIA.

theft. A few weeks later, the courts declared BBRDW bankrupt and froze all of its assets as well as Rewald's personal assets. BBRDW is now under investigation by the SEC and the IRS. After six months of imprisonment, Rewald was released under a much reduced bail. He is scheduled to go to trial in June 1984 for the theft charges only. He and BBRDW are also being sued by some of the investors for their money. But, so far no federal indictments have been issued.

Actually, there were two complainants against Rewald. And, therein lies the deeper story of this seemingly simple scam operation. The second complainant was John "Jack" Kindschi, a BBRDW consultant and investor. More significantly, Kindschi was the former CIA Chief of Station in Hawaii. Prior to that, he had worked under deep cover for the CIA in Stockholm and Mexico City. His cover had been the Robert Mullen Co., a public relations firm that employed E. Howard Hunt in the months before Watergate.

Why was a person such as Kindschi working at BBRDW? Because, according to Rewald, it was a CIA operation. According to a sworn affidavit, censored by the CIA, and sealed by the courts, Rewald claimed the following.

"I am, and for the past five years have been, a covert agent for the Central Intelligence Agency. The purpose of this affidavit is to detail my relationship with the CIA, which began in my college days, and the link between this relationship and investor monies. In the past few years, this relationship has involved nearly full-time activity on my part. Additionally, there are 10 or more employees of my company, Bishop Baldwin, who on a full or part-time basis served the Central Intelligence Agency...."

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at any time owned, operated, controlled or invested in Bishop, Baldwin, Rewald, Dillingham, & Wong"

Yet, Laprade submitted an affidavit to U.S. District Judge Martin Spence as to why defense documents should be sealed. What Laprade said is not known. The affidavit itself is sealed. But, on September 15, 1983, Spence sealed all documents directly or indirectly pertaining to the CIA. Spence also placed a gag order on all involved parties, attorneys, and agents. It prohibited communication by oral, written, or any other means of any information pertaining to the CIA, including legal papers.

Coincidentally, perhaps, one of the prosecuting attorneys is John Peyton, a former CIA attorney.

We have obtained Rewald's uncensored affidavit sealed by Spence. For comparison, we also have the publicly-released affidavit, extensively deleted by the CIA. The uncensored affidavit details BBRDW's CIA operations according to Rewald. Finally, we have many additional documents; tapes and transcripts of confidential attorney/client interviews with Rewald; and our own interviews and

Documents we have obtained on the the Rewald case constitute the first explicit detailing of a little known primary mission of the CIA: securing and furthering private U.S. economic interests.

those of BBC television with many of the involved individuals.

The story they tell in no way solves the question of Rewald's guilt or innocence regarding his legal charges.

What they do tell, if true, constitutes the first explicit detailing of a little known primary mission of the CIA. This is the securing and furthering of private U.S. economic interests. This, of course, is carried out through taxpayers' monies. And, it entails the supporting of various repressive governmental and business elites around the world who facilitate the use and exploitation of their own countries by corporate America. As we shall see, implementation of this CIA mission is also done at the expense of U.S. allies such as Japan and Europe.

Ostensibly the CIA's corporate mission is carried out under the rationale of intelligence work. For instance, Rewald was assigned to develop or to cultivate CIA assets, i.e. intelligence sources, agents of influence, cooperative government officials, etc. There were two financial techniques for cultivating these foreign assets. According to the affidavit, BBRDW's investment account, at the CIA's direction, was used to "shelter monies of highly placed foreign diplomats and businessmen, who wished to 'export' cash to the United States, where it



Rewald, General Arnold W. Brasswell, Ned Avary, and Mrs. Brasswell socialize at a 1983 BBRDW function. Both Brasswell and Avary, according to Rewald's affidavit, helped arrange an arms sale to India with provisions for kickbacks to key Indian government and private sector officials.

would be available to them in the event of emergency." Rewald says that the CIA had provided such a service to President Lon Nol when he was displaced by the Cambodian people and fled to Hawaii.

The affidavit says that the CIA directed individuals to BBRDW's shelter accounts. Secondly, that these funds were in the form of negotiable securities, wire transfers, or checks, many from the Chase Manhattan bank. Thirdly, that BBRDW would convert these funds into U.S. dollars. Julie Suda was in charge of receiving and disbursing funds for BBRDW. She testified in court that she was told occasionally by Rewald about upcoming wire transfers which were to be deposited in BBRDW's investment account. She said that these were not regular investors' funds. And, that occasionally the wire deposit was as high as \$200,000.

Letters between Charles T. Conner and Jack Kindschi confirm that BBRDW was providing this shelter. Conner, according to Rewald, was a long-time CIA agent. He has for all intentions and purposes disappeared. He wrote to Kindschi: "We could develop very close and important connections with the Greek government through our old friend Dino [Goulas]. And, there is absolutely no question that Dino does have this good 'entre' in top Greek circles, including with very wealthy people and business leaders... most anxious to get their money out of the country." Conner said further that he told Dino that through BBRDW these investors would be able to circumvent Greece's tight foreign exchange control restrictions.

Kindschi, whom Rewald says was still working for the CIA at the time, wrote back to Conner. "Moreover, if Dino can find investment friends seeking safe haven in dollar denominated investments with BBRDW, we would be able to pay him a 'finders fee' of up to 5 percent...."

Rewald's affidavit included a list of 21 investors in this sheltered account. The individual's amount and account number are also listed. The total was \$3,748,603.39. The names of the investors are real persons, including Rewald and several CIA agents. They are not, however, the actual depositors. Such "salting" of money in the U.S., if not a crime, is a definite political liability in most countries. Particularly, if the CIA's involvement

"Salting" of money in the U.S. through sheltered investment accounts like those offered by BBRDW, if not a crime, is a definite political liability in most countries—particularly if the CIA's involvement was exposed.

was exposed. For this reason, depositors were listed under cover names.

A second cultivation technique was the use of joint business ventures. The affidavit says this approach was applied to four individuals. Enrique Zobel, a billionaire banker; the Sultan of Brunei; Saud Mohammed, a crown prince of the United Arab Emirates; and Indri Gautama, a wealthy Indonesian industrialist. These individuals were to be cultivated as intelligence sources, particularly the movement of oil prices in OPEC countries. This is information of great value to U.S. oil companies. As well as CIA Director, William Casey, who owns stock in oil. Its relevance to genuine national security is not readily apparent.

Specifically, the way this worked, "was to place [CIA] monies with them, at their disposal, in 'investments' in foreign countries in various joint business activities." Thus, Rewald formed the Hawaiian-Arabian Investment Co. and U.S. & United Arab Emirates Investment Co. with Saud Mohammed and Indri Gautama. And, the Ayala-Hawaii Corp. with Enrique Zobel of the Philippines. State of Hawaii incorporation papers listed each of these companies.

These CIA "investments" could also be used to export and shelter

monies. Following Rewald's imprisonment, the *Honolulu Star-Bulletin* reported that the Philippine government was examining the Ayala-Hawaii Corporation. The government was concerned that Zobel might be placing money directly into Ayala-Hawaii. This way he could avoid exchanging pesos through the Philippine Central Bank. Thus, secretly export his money to the U.S. And there would be no government record of this flight of capital.

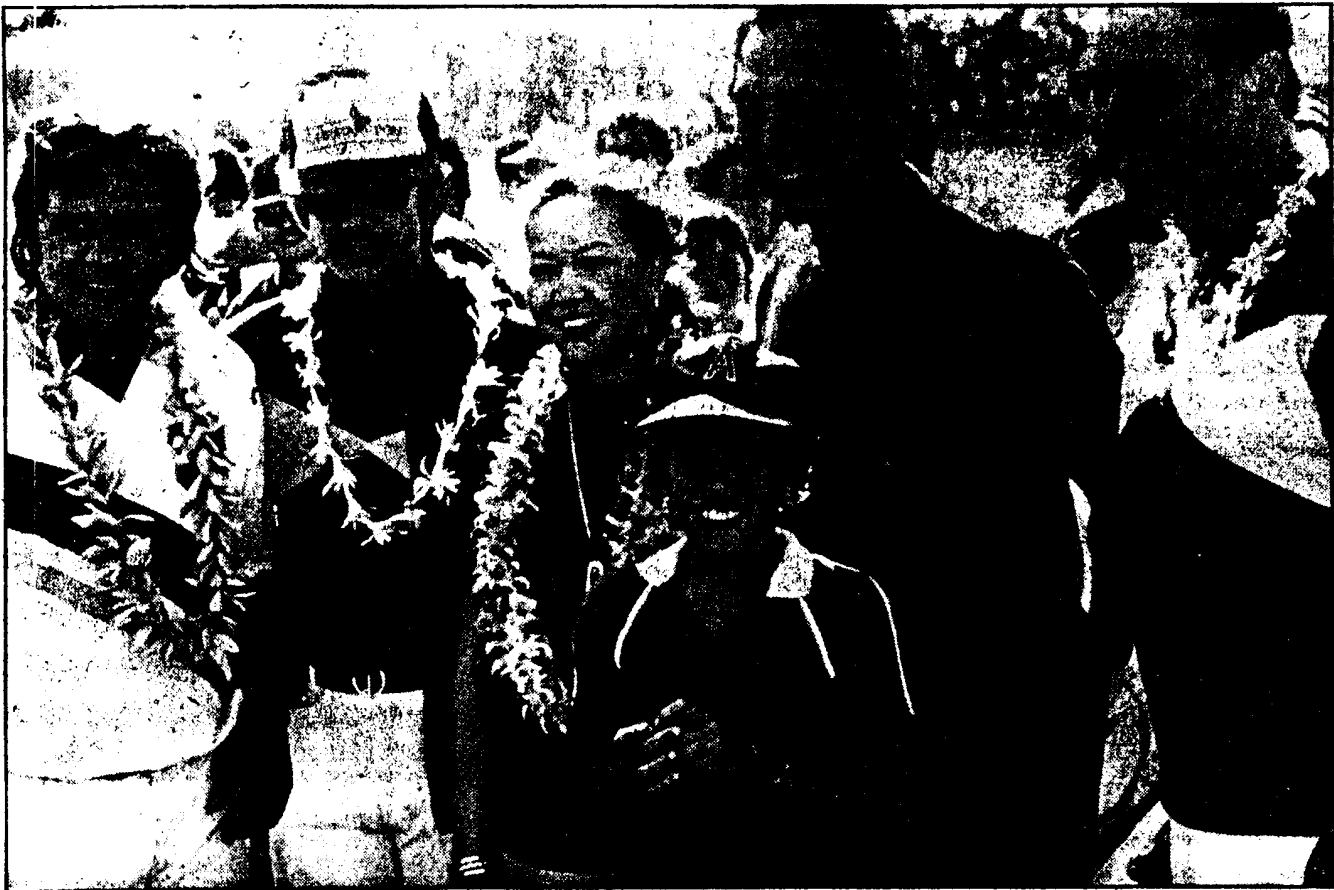
Following this article, reporter Charles Memminger was shown a letter from Zobel. And told by his editor to write a second article. The second article all but denied the charges of possible flight of capital on the part of Zobel. And claimed that Zobel's only connection to Rewald was polo. Rewald had predicted in his affidavit that: "People involved with them [joint BBRDW investments] are forced to deny a connection and forced, further, to deny that these transactions have existed."

Enrique Zobel is a supporter and funder of the elite opposition to President Marcos of the Philippines. He and the force he represents are an acceptable replacement to Marcos who is under increasing attack. Acceptable that is to U.S. corporate and financial investors since he would allow them business-as-usual. Even though under their domination repression and poverty have increased in the Philippines. True to its corporate mission, the CIA was cultivating Zobel—whom, Rewald says, was aware of CIA involvement in their dealings.

The intelligence value of the Sultan of Brunei, described as an "absolute ruler" by *Fortune* is highly questionable. Not so his monetary value to U.S. financial institutions. Shortly after Rewald began cultivating the Sultan, he transferred his \$6 billion investment portfolio from British Crown Agents to Citibank and Morgan Guaranty as well as two Japanese firms. The potential fee income from this account, according to *Dun's Business Month*, is \$30 million.

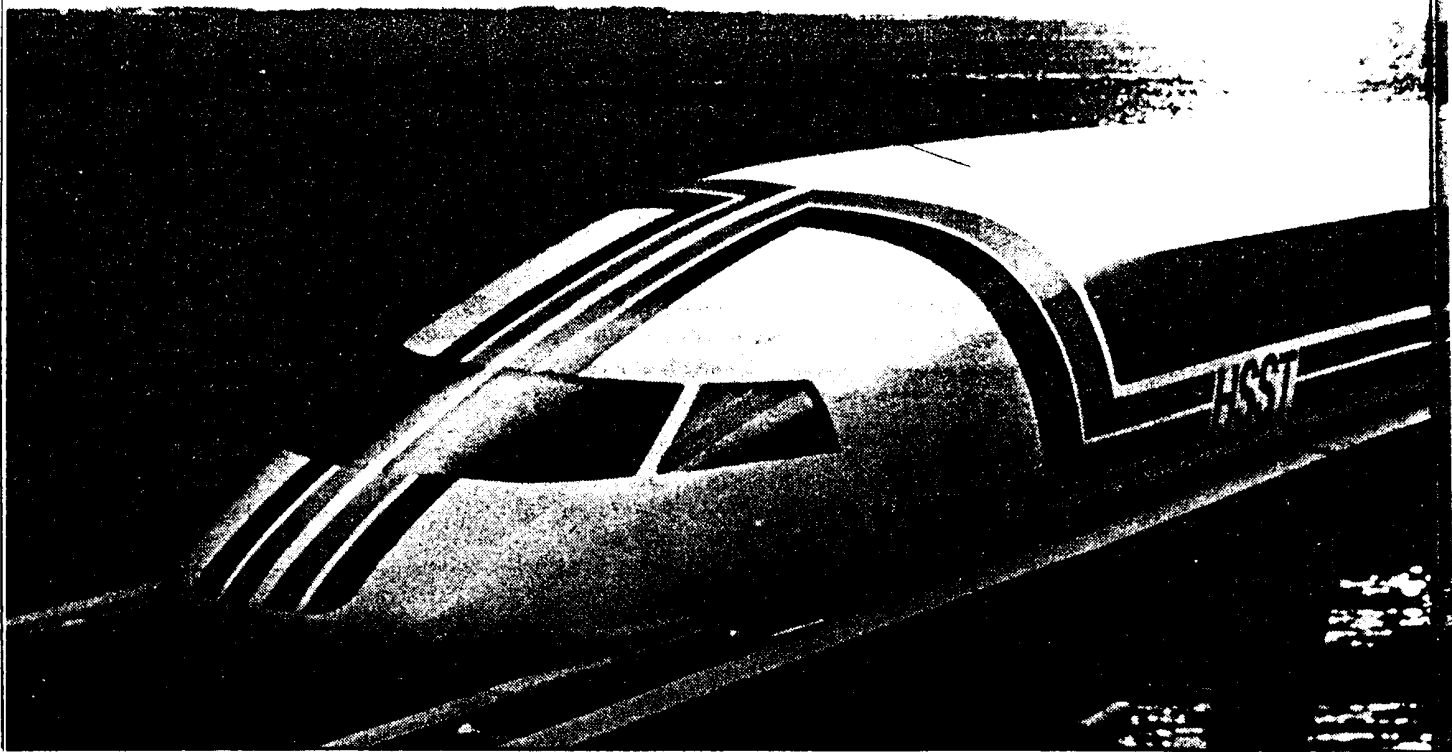
Industrial Espionage

Another expression of the CIA's primary mission is industrial espionage. One country targeted by the CIA is Japan, a U.S. ally. The Church Committee found that in 1967 the CIA quietly establish-



Among the wealthy individuals Rewald cultivated for the CIA were: (above) the Sultan of Brunei (second from left) and Enrique Zobel (second from right), a billionaire banker from the Philippines who was very close to Marcos, seen here after a match at Rewald's polo club in Hawaii; and (right) Indri Guatama, an Indonesian businessman.





One of the CIA's primary missions is industrial espionage. As part of an intelligence gathering assignment for the CIA, Rewald went to Japan where he claims he obtained blueprints for Japan's top secret High Speed Surface Transport, or the HSST, shown above.

ed a separate office, the Office of Economic Research. Because of the "growing strength of Japan and the countries of Western Europe." And because CIA "analysts found themselves called upon for detailed research on these countries as trading partners and rivals of the United States."

Included in the exhibits were what Rewald called CIA requirements for several countries. These were his intelligence gathering assignments for each country. The first requirement for Japan was for information on the top secret High Speed Surface Transport (HSST) being developed by Japan Airlines.

Rewald went to Japan. In addition to filing an intelligence report with then CIA Chief of Station, Eugene Welsch, Rewald claims to have obtained HSST blueprints from a BBRDW client's son who worked in the Japanese Ministry of Railroads. Rewald was asked by his attorney why the CIA wanted the HSST plans. He answered as follows:

"It was a secret. The plans for this thing [HSST] were being protected at great costs at this particular time because, you know, this [sic] is such

a potential worldwide for marketing something like this with enormous, if they could, you know. Anyway, the potential for marketing something like this to countries all over the world for the Japanese would be enormous and that's their [CIA's] interest in it. Everything, of course, is high technology."

In the documents obtained independently of Rewald were detailed sketches and descriptions of the HSST. We have obtained the name and a photograph of the Japanese BBRDW client whom Rewald says assisted in obtaining the HSST blueprints. We have not, however, obtained the actual blueprints which Rewald says originated in the Japanese Ministry of Railroads.

Another Japan operation was the T&B International Co., Ltd. This was a CIA funding transmission belt run through Japan. We have obtained copies of four notes on T&B stationery from BBRDW consultant, Russell Kim to Rewald. Kim was brought into the CIA by Rewald. The notes were for interest free loans for Rewald, totalling \$390,000. In the notes, Kim told Rewald he was free to use the money for as long as he needed. And, some time in the vague future, Rewald might

want to invest it for Kim. The lending of large, interest-free loans between Rewald and various BBRDW employees was apparently a method of conducting CIA monies in and out of BBRDW.

India

The Rewald affidavit says: "We were approached to serve as intermediaries to arrange through the CIA for the supply of military hardware to Indira Ghandi.... At my direction, and with the knowledge of Jack Rardin, who had succeeded Jack Kindschi as CIA station chief in Honolulu, Sunny Wong and Dave Baldwin, another employee of our company, were working through Shauna [Pasrich] and [Chan] Pasrich to receive the list of military hardware desired by Indira Ghandi."

Chan Pasrich, says Rewald, is a close friend of Indira's son, Rajive who was directly involved in the pending arms deal. Pasrich, who had "some intelligence experience and background," was introduced through his friend David Baldwin. A copy of a CIA secrecy agreement sign-



ed by Baldwin on November 11, 1982 has surfaced. Rewald says Baldwin knew BBRDW was CIA-involved before he became involved. He was subsequently required to sign a CIA secrecy agreement. Because "we had to let him know too much."

Pasrich presented himself to Rewald as Rajive's representative who wished to acquire military equipment. "So," says Rewald, "I went back to the Agency and told them about it initially. . . . And, then they came back, and they were very enthused. . . and said we'll certainly work something out."

"So," continued Rewald, "I brought in [Ned] Avary. Went over the whole thing in detail with him. He made the necessary contacts; traveled back and forth between Miami and Paris. And made other arrangements to supply the equipment that they needed through Paris."

Rewald has a tape of a conversation with CIA officer, Jack Rardin. In the tape, the pending deal is discussed as a CIA project. Rewald says to Rardin on the tape that Rajive was soliciting military hardware including AWAC and F-1011 aircraft. The following remarks were recorded:

JR: "But in any case, Pasrich is being used as an intermediary."

RR: "Between Indira Ghandi's son."

JR: "son and"

RR: "And us."

Brasswell

Rewald says Gen. Arnold W. Brasswell, then Commander-in-Chief U.S. Pacific Air Force (CINCPACAF), was personally involved in the Indian arms deal. "One of the big things that he [Brasswell] was helping us with was a request we had out of India for acquiring some air force military equipment. . . . we were going directly through a number of companies. . . like Boeing, McDonnell-Douglas, and Hughes. He would make the contacts at a high level. Generally, they were retired Air Force generals who were now vice-presidents of these companies. And he would set up the contacts, so I could go directly to them. . . . So, you know, he was working already [for BBRDW]. And, he knew what that project was. And some others that we were working on."

Among the exhibits is a list of names and private phones on CINCPACAF stationery. Dated January 11, 1984, the names were: Gen. Jack Cotton, Lt. Gen. J.J. Burns, Charles Conrad, Jr., Chuck De Bedts, and G.E. Todd. The latter three were described as vice-presidents for international marketing for McDonnell-Douglas, Lockheed, and Hughes, respectively. The exhibits also included handwritten notes about these transactions and an offer of assistance from Brasswell.

Rewald added, "Brasswell did his part all the way through. There was never a point when Brasswell wasn't, you know, working closely with us on this effort. And, you know, Brasswell absolutely was an employee of ours all the way through. . . . He was always part of Bishop, Baldwin. And, a very important part of what we were doing involving India and a couple of other areas, too—which were all under his command."

Brasswell did not receive a BBRDW salary but compensation, says Rewald. This was through the handling of his investments. And providing him large returns, some \$100,000 over 2 years. Rewald adds that Brasswell was set to join BBRDW upon his retire-

ment. A Brasswell spokesperson confirmed that he was considering joining BBRDW.

Rewald claims Pasrich first came to him. And, "He laid out in no uncertain terms the facts of life for me. So that I'd understand that it [the arms' cost] would have to come in at a bill higher than what it was worth. So that the money could get divided among a number of people in government and the private sector in India. And arrangements would have to be made for that. And, he realized that these companies were reluctant to do that. However, if we could get him appointed as their representative or someone from Bishop Baldwin as the representative for India from McDonnell-Douglas or from whatever company this happened to be. Then they could divide up the commission on it, and it would work out the same way."

Asked why Pasrich and Rajive didn't seek to buy the military equipment openly, Rewald said, "Well, there was no way for them to split up the money. Because if it came in openly it would have to go out on a bid. And, there was no way to divide up the money. See, their only interest in acquiring anything was to get some money under the table. . . . I had been given the names. . . of the key people, you know, in government in India that had to have their part of this in order for it to work out. . . ."

"Kickbacks and bribes were the key to the whole India thing. . . ."

Asked whether Rajive Ghandi was positioned to make money on the deal, Rewald said, "Well, you know, this is. I'm talking to you absolutely off the record, okay? But, of course, he was, you know."

Calvin Gunderson, president of Legal Investigations which provided security and investigatory services to Rewald and BBRDW also attested to the pending Indian deal. He told Larry Price the following on KITV/4 (NBC in Hawaii) television.

" . . . And when big arms deals are being made, Bishop Baldwin at times acted as a middleman. For one instance, India. They were looking to buy arms from the United States. Bishop Baldwin would be the middleman working through the Agency. And, when the deal went through, Bishop Baldwin would get a commission off it. You know we're talking millions of dollars."

Gunderson added this remarkable statement: "Ron [Rewald] met with the FBI to make sure that the legal aspects of arms deals and things of that nature were, you know, meeting the legal requirements of the United States."

Rewald agreed he had been concerned because of "the way this sort of transaction's been monitored in recent years. It bothered me a little. And, I expressed concern to it, to the Agency. And, I wasn't getting satisfactory answers from them."

"And, I mentioned it to Bill Erwin [FBI/Hawaii], face to face. And said look, I don't want to end up the next, you know, the next Lockheed scandal or whatever it is. How can I protect myself? ..."

"... So then he went and got some opinion from the attorney general on what I could do and how to handle it and so on. And he was telling me what to do to protect myself. ... And we finally felt the best thing that we'd do was just act as the middleman. ... But not handle any of the money going back and forth ourselves. And, the only way we could coordinate that was not to handle it through the United States. We'd have to handle it through someone else through another country."

Rewald claims that Ned Avary was in Paris attempting to complete the India deal when BBRDW collapsed. Rewald does not know if the deal transpired.

Rewald was asked why the CIA was secretly selling military equipment. And, facilitating bribes and kickbacks.

Q: "Why would the CIA want to get involved with something like that, Ron—just to make the contacts with these people?"

RR: "Oh. To put someone like that in a position where we could be dealing with him on that level. Are you kidding? You don't know the answer to that?"

Q: "No. What is that. What is the answer to that? You were going to blackmail him then?"

RR: "Oh, not blackmail him. But, certainly we'd be in a position to know everything that's happening. To ask a favor. To do a lot of things, you know. Not the least of which is just gain his confidence. You never know when you might need that card down the road, you know. ..."

**CIA spokesperson
Dale Peterson says
that the CIA had only
"slight involvement"
with BBRDW. "But,"
added Peterson, "I'm
not at liberty to go
into details of what
the relationship was."**

Congressional hearings, governmental investigations, and press accounts have documented the use of bribes and kickbacks by McDonnell-Douglas, Lockheed, Hughes Aircraft and others to obtain foreign contracts. These arrangements, often facilitated by the CIA, resulted in hundreds of millions of dollars in profits. There is no record of any concern about the possible repressive nature of the arms buyers.

In 1977, President Jimmy Carter signed into law the corporate bribery bill. It outlawed bribes and kickbacks by U.S. corporations. Unless these corrupt payments are made in the name of national security. This loophole amendment was attached following the secret intervention of the CIA with Congress. According to its own charter, the CIA is not supposed to be involved in the legislative process.

Q: "Who specifically were you to call for these sums of money?"

RR: "Well, you know, generally I could go through [Jack] Kind-schi, you know, most of the time. But, I could also go through [Charles] Richardson, 'Cavanaugh,' you know, these people. Dorociak, you know, Belcher, any number of people."

BBRDW's pending Indian arms deal had a convenient intelligence rationale: to penetrate and cultivate various Indian military and political officials as CIA assets. So, any bribes or kickbacks would have been exempt under the national security loophole. Business-as-usual, brought to you by the CIA.

Taiwan

A second major arms deal by BBRDW was with Taiwan. "As time passed," says Rewald's affidavit, "our relationship with the Agency continued to further deepen and change, from the gathering of general economic and political intelligence, to the gathering of political and military intelligence, and finally to assisting in specific military operations, including military hardware to foreign countries."

In an unusual letter, even for the CIA, Director William Casey was told point blank:

"Information has now been received from more than one source indicating that after July 29, 1983—when events commenced here in Hawaii to unravel the affairs of Bishop Baldwin—CIA agent Ned Avary, who had earlier been negotiating the arms transaction with the Taiwan government through Russell D.C. Kim, was able to conclude that transaction and earned a commission of not less than \$10 million dollars. Information received indicates that this commission was received by Avary, not for Bishop Baldwin's account, but rather for the account of some other company to which all Bishop Baldwin/CIA operations have been transferred.

"As most of the work which went into the Taiwan arms transaction was performed by Bishop Baldwin agents and employees, Bishop Baldwin therefore lays claim to its commensurate proportion of the \$10 million dollar commission."

The letter was written by attorney Robert Smith for Rewald who has contended all along that Avary and Kim were negotiating various arms deals. Former BBRDW employee, David Decaires said that Avary mentioned an arms deal with Taiwan at a meeting of BBRDW personnel in August 1983.

Telexes from Avary discussed the Taiwan deal. One telex "Urgent for Ron Rewald," said: "I am now in effective direct contact with Russell Kim on all phases of current operations." Another to Avary's son Don said: "Finally found Russell Kim in Korea. He rushing Samsung data to you. I hope repeat hope to finalize fantastic military order with awesome yet affable Lebanese gorilla this weekend."

A related telex to Kim said: "Don Avary awaiting Samsung electric data from you. Do you have details C 130 request?" The same day Avary wired Rewald: "Your See one Thirty [C-130] aircraft available same suppliers Taipei order. My son Don Avary contacting you for specs." The next day Avary wired Kim and a Michael Tai: "Second paragraph my telex should read tanks will cost about repeat about six hundred thousand dollars each. Personnel carriers less." Finally Avary wired Rewald: "Electronic data for Don Avary from Kim. Awaiting urgent details as to firmness of order from the big man here. Itemized numbers of heavy equipment in paragraph six mandatory. Have assurance order can be processed okay."

Several of the telexes mentioned "Dauphin." Rewald claims this was a codename for an unknown middleman. In the exhibits was a BBRDW memo indicating that Russ Kim, c/o Dauphin Int'l, was the BBRDW contact in Taiwan.

Rewald's affidavit says the Taiwan Government was seeking fiberglass helmets (\$200,000), bullet-proof vests, M-16 laser-sighting devices, and tanks through BBRDW and the CIA. The order for the laser sighting devices alarmed the CIA, says Rewald, because "the device and the model numbers requested were all top secret at that time."

In the exhibits was an apparent order for all of these items except the tanks. The contract was to be awarded in March 1983. Either to Winfield Manufacturing in Mississippi or Louis J. Sportswear, Inc. in Pennsylvania. The *Honolulu Star-Bulletin* (4/7/84) reported Avary as saying he went to Paris at Rewald's request. To contact an arms dealer for Taiwan. He added that Rewald failed to send him the number of tanks Taiwan wanted or the amount it was willing to spend. Therefore, the deal was never transacted. The *Star-Bulletin* (4/16/84)



Ned Avary, consultant to the CIA and BBRDW

"I'd sure like to sit down and be wired meeting with Ned Avary. Because his last four projects for us, from South America, Brazil, Singapore, Australia, Paris, were all deep covert Agency projects. . . ."

—Ron Rewald

added later that: "Avary said he is not now working and has never worked for the CIA and said that he does not know of a single CIA-directed operation in Rewald's company." However, the *Wall Street Journal* (4/18/84) reported that Avary received lists of questions from the CIA. And that, in Avary's words, he filed "damned good reports" for the CIA. Particularly, in his case, about the probable outcome of the 1983 elections in Germany.

Rewald was involved in a melange of CIA operations. Some of which are

detailed below according to the country involved. The CIA's identity with corporate interests is evident throughout these operations.

Eugene J. Welsch

When Rewald went to live in Hawaii, he contacted then-CIA Chief of Station, Eugene J. Welsch. At this time, Rewald also incorporated CMI Investment Corp. with Sunny Wong. Welsch apparently asked Rewald to gather intelligence through and from CMI clients. "So at this time," he says, "I began doing so, at the same time informing Sunny Wong of my involvement with and activities on behalf of CIA."

In the exhibits is a rambling, 19-page report on CMI stationery, addressed to Eugene J. Welsch. Marked "Personal and Confidential," it is a potpourri of economic and political intelligence on Japan and China. Rewald says he was briefed for his trips to Japan and China by Robert A. Scalapino, director of the East Asian Studies Institute and a political science professor at the University of California. Scalapino also set up meetings and contacts. The CIA arranged the meeting with Scalapino. But, Rewald says he did not tell Scalapino he was with the CIA.

Rewald summed up his report. "While the information I have acquired at this time may or may not be what you had hoped for, I am certain that with your help and cooperation I can develop several of these sources into reliable avenues of acquiring intelligence data."

Apparently pleased, Welsch next directed Rewald to set up two CIA dummy corporations. One of these was H & H Enterprises. The dummies served as message and assignment centers for CIA operatives. And, their call cards provided credentials for agents in the field.

H & H Enterprises

Copies of rarely-seen cover sheets are among the exhibits. Cover sheets contain the phony names of personnel and financial make-up of the company. As well as what to tell inquiring

Continued on p. 48

REWALD'S CIA STORY*Continued from p. 17*

parties. H & H's cover sheet said it was run by Rewald and Sunny Wong. Rewald's wife, Nancy, is also listed as someone to call. The cover sheet concludes: "All expenses related to the operation of this cover shall be reimbursed by the Central Intelligence Agency."

At this point, says Rewald's affidavit, "In my role as an international business consultant, and attempting to cultivate social and business contacts with wealthy and well-placed businessmen and government officials, I became concerned that I did not have, and needed to have, something sufficient in the way of academic credentials to carry off the cover of an international businessman."

To this end, Rewald did not return to college. Welsch provided him with diplomas in business administration and law from Marquette University in Wisconsin.

A computer print-out from 1978 from Marquette University listed Rewald as a graduate. On the basis of his Marquette "law degree," Rewald later attended Harvard's Program of Instruction for Lawyers (PIL). The PIL is exclusively for members of the Bar or anyone licensed to practice law. The CIA "set up" Rewald's attendance at the PIL "to meet certain people." A copy of a PIL attendance roster lists Rewald as an attendee. Within the intelligence community, Rewald says, Harvard is considered one of the "family."

Later, Rewald felt his cover needed further embellishment. "In carrying out my Agency charge to cultivate these [wealthy] individuals on a social and business level, I was required to live in a style commensurate and compatible with the social and economic status which these people enjoyed in their own countries. I did so largely through the use of Agency funds, and my own salary from Bishop, Baldwin. . . . This explains my use of Bishop, Baldwin monies, which were in turn fueled by CIA funds on an as-needed basis (up to \$2,000,000 of CIA monies could be supplied to me, more or less on demand, within a two-month period of time)."

In 1978, Welsch directed Rewald to replace CMI with a new company,

Rewald cultivated Enrique Zobel for the CIA through joint ventures. "Our whole purpose in developing Zobel was he was very, very close to President Marcos. And, we were getting very, very high intelligence on Marcos' frame of mind, his moods, his intentions."

Bishop, Baldwin, Rewald, Dillingham & Wong. During the initial phase of BBRDW, Sue Wilson, formerly of the National Security Agency (NSA), was hired. "Her experience with the NSA," says Rewald's affidavit, "was more than merely that of a secretary, and thus we were starting to develop more of an intelligence profile. Sue Wilson was brought in by Sunny Wong for her intelligence background in the hope that we might attract more Agency work. She was approved by Eugene Welsch."

In the exhibits is a copy of Wilson's career resume. It indicates that she had top level security positions at NSA. Wilson later stated on KITV/4 in Hawaii that it was "pretty common knowledge" that BBRDW was a CIA operation. And that she had regular contacts with the CIA for BBRDW.

Welsch was replaced by Jack Kindschi as CIA Chief of Station in Honolulu. Under Kindschi, another cover operation was created, Canadian Far East Trade Corp. Kindschi was to pay its expenses and phone bills. In the exhibits are copies of Kindschi checks

corresponding to Canadian's phone bills. There is also a State of Hawaii incorporation statement. Dated May 30, 1979, it was signed by Rewald as vice-president/treasurer. In court, interim bankruptcy trustee Thomas Hayes stated that BBRDW was providing a "special phone" for the CIA. A reporter found a black phone in Rewald's office separate from BBRDW's switchboard. It was listed in the telephone directory under Canadian Far East Trade Corp. CIA agents James T. Edwards (aka "James T. Bishop") and Jack Porter (aka "Thomas Thompson") operated out of Canadian according to the affidavit.

Another full-time CIA agent provided cover was Charles H. Richardson, aka "Richard P. Cavannaugh." Richardson operated out of California on projects involving the Far East and the Middle East. His cover was CMI which had been taken over by the CIA. This was done without the knowledge of CMI's vice-president. In the exhibits are letters from Richard P. Cavannaugh to Rewald regarding this cover arrangement. Also, there are copies of Cavannaugh's call card and a printer's bill for same.

"As time progressed," says the affidavit, "our activities on behalf of the CIA began to expand from merely maintaining cover names." An example given was Kindschi's request to facilitate an operation to investigate the feasibility of trading with the People's Republic of China. This was to be carried out by Wilfred K. Dorociak (aka "Thomas Tom Song"). He posed "as Chinese American born on the West Coast." A copy of apparent instructions about Dorociak from Kindschi is in the exhibits. It concludes: "The station is grateful that 'R' has agreed to facilitate request. Again, our thanks for his support." "R," says Rewald, was his codename which had replaced "Winterdog." There are also lists of intelligence questions (CIA requirements) and an internal CIA report about the PRC in the exhibits.

Argentina

The following is a copy of the rarely-seen CIA "hit-lists." In this case, for Argentina and Mexico. Persons on the hit lists were individuals of interest to the CIA to be assessed and possibly cultivated by Rewald. Calvin Gunderson had been given a copy of

this hit list. He informed us that Rewald had asked him to go to Mexico to undertake this assignment. Gunder-son was under the belief that this in-formation was for the CIA.

Also in the exhibits was a two-page briefing paper on Argentina. Its headings were: Present status of Argentine banking system; Status of the peso; Argentine debt; Union demands; and Argentine credit status. Rewald went to Argentina under the guise of BBRDW and polo. Ostensi-bly, he was attempting to buy a bank. As the attached requirements sheet indicates, Rewald was mainly gathering financial intelligence. As usual, the use of such information to U.S. corporate and financial investors is immediately evident. While its relevance to true U.S. national securi-ty is hard to decipher.

ARGENTINA

Guillermo Walter KLEIN,
Economist and Attorney
Adalberto Kreiger VAS (?),
Former Minister of Economy
Alvary Carlos ALSOGARAY,
Economist
Domingo CAVALLO, Former
Central Bank President
Juan OCAMPT, Banker

MEXICO

Manuel CLOUTHIER, President
of the Businessmen's Co-
ordinating Council
Emilio Goicoecea LUNA, Presi-
dent of the Confederation of
Chambers of Commerce
Alfonso Pandal GRAF, President
of the Confederation of National
Chambers of Industry
Jose Maria Basagioti, President
of the Board of the Alfa
Industrial Group
Ernesto Fernandez HURTADO,
Chairman of RAMSA and Uncle
of DE LA MADRID

Need personality assessment and
biographic information. Current in-
formation on their expertise, in-
fluence with the government and in-
ternational connections, and at-
titude toward the U.S. is needed.
Comments on the likelihood of any
private sector leaders being asked to
assist the government in any way
would also be valuable.

REQUIREMENTS FOR ARGENTINA MAIN FINANCIAL CONTACT: MARTINEZ HOZ

An assessment of Argentine credit
statis [sic] with western banks.



Rewald poses with Robert Jinks, BBRDW's investment development manager, and Sonny Wong, president of BBRDW. Jinks has stated in a lawsuit filed against the CIA that BBRDW was a CIA operation and that he was consciously involved in the company's CIA functions.

"In other words, what lies we
were to tell."

—Ron Rewald

Perception of Argentine access to
major credit marketable long-term
and short-term in nature for funds.

What contingency plans does Argen-
tina have in the event hostilities break
out after May.

What exposure do European banks
have in Argentina, namely United
Kingdom.

How are United Kingdom debts be-
ing serviced under present cir-
cumstances.

Statis [sic] on Argentine banking
system.

Describe use of guarantee and non-
guarantee requirements to the private
sectors by banks.

What effect has the crisis had on the
Peso in the black markets of Argen-
tina.

What effect has the hostilities had on
union demands during this period of
time.

Who has supplied financial assistance
to Argentina should war break out.

Chile

Rewald went to Chile for the CIA
under the guise of BBRDW and polo.
BBRDW consultant Michael Dailey, a
Hawaii polo player, assisted in the
project. Because he had business con-
nections there. And was fluent in
Spanish. BBRDW telexes from Dailey
to Chile discuss his trip. It is not known
whether he was aware of the CIA's in-
volvement.

While in Chile, Rewald says he was
briefed at the British Embassy. There
he received classified information that
the Argentines had shot down a British
Harrier jet with an intercept missile.
And, a British naval vessel had been
sunk.

In Chile, Rewald was attempting to buy a bank, \$1 million for a \$16 million bank. In this regard, he met with the second-ranking member of the CIA-installed Pinochet junta. He offered to give BBRDW 28,000 acres of prime agricultural land in Southern Chile. For arranging the bank deal.

Germany

The following were Rewald's CIA requirements for Germany. Rewald says he passed them on to BBRDW consultant, Ned Avary. Who was apparently involved in a multitude of CIA/BBRDW operations.

1. Prospects for the West German elections to be held March 1983.
2. West German reaction to the stationing of U.S. Intermediate Nuclear Forces (INF) in the country, such as the Pershing II missiles, in summer 1983.
3. Reaction to the recent agreement by the European Community to limit steel exports to the U.S.
4. Reaction to U.S. concerns over technology transfer to Eastern Europe by West European firms; reaction to U.S. easing of restrictions on European subsidiaries selling pipeline equipment to the USSR.
5. Current West German political-economic concerns regarding the Western alliance and NATO, in view of the NATO Ministerial Meetings in December 1982.
6. West German expectations regarding the visit of Soviet Foreign Minister Gromyko to the country in January 1983.

In a letter from Avary to Rewald, Avary said he had passed on the Germany requirements to various German sources including Jon Lodeesen. Jon S. Lodeesen is deputy director for (Soviet) broadcast analysis at Radio Free Europe/Radio Liberty in Germany. He worked for Radio Liberty when it was a CIA program. Prior to that, he served in the intelligence section of the U.S. Embassy in Moscow. He was expelled from the Soviet Union for "suspected spy activities."

More recently, according to Avary's letter, Jon "visited his father and in a 2-hour confidential 'unloading'—had described in graphic detail many of his interviews with Soviet double agents, disidents [sic] and escapees." In the letter, Avary says he

CIA cover sheets contain phony names of personnel and the financial make-up of a company. The cover sheet for H & H Enterprises, set up by Rewald at the request of the CIA's top man in Hawaii, states, "All expenses related to the operation of this cover shall be reimbursed by the CIA."

gave Lodeesen the Germany requirements and asked for a report. "Obviously," added Avary, "Jon Lodeesen's report will comprise unclassified although expert, information—from a truly superb source." However, "If indicated, a personal 'family' visit to Jon in Munich by myself would have an excellent chance of obtaining any special data required and requested—of a highly classified nature."

We have obtained a copy a Lodeesen's report. It consists of one-paragraph responses to each of the six questions. In Lodeesen's note accompanying the report, he described the replies as: "The highly opinionated insights appended are the fruits of the labors of the deranged mind of a super patriot living in involuntary exile."

We have also obtained another interesting memo from Avary to Rewald. " 'Dolfo' Galland," says the memo, "is a highly respected and superbly successful businessman-industrialist in Bonn, West Germany. He represents top U.S.A. Aircraft Corporations like Sikorsky, General Electric, Hamilton Standard, Pratt and Whitney, etc.

"As a personal and professional friend of mine for many years—BBRD-

DW has a sympathetic and powerful potential contact in General Galland." The stated subject of Avary's memo was: "An 'Ace' German Friend, for BBRDW." General Adolf Galland was the Nazi Supreme Commander German Fighter Forces during World War II. Obviously, the CIA has a blind eye for Nazis with superb business acumen.

Guam

Rewald had incorporated a trust company in Guam. We have obtained a copy of the incorporation certificate. Rewald explained the objective of the trust.

"The agency always needed bankers. And laundry operations and so on. They were always pushing us to put up offshore banks and things of this nature. We would spend, I had a couple of people in our company working on that and we would send it [sic] down to research offshore bank possibilities in the Caymans and the Cook Islands. . . . This is what we were doing in Guam. Guam was going to try an offshore banking system. And we opened the trust company there. We had the only trust company approved for Guam. The full purpose of it really was going to be moving foreign funds into the United States. . . .

"... It's an important part of the Agency function to be able to leave funds around the world. And banks and trust companies are the easiest way to do that."

An article in the *Pacific Daily News* (7/21/83) reported about BBRDW's trust company in Guam. It said that BBRDW's objective was to turn Guam into a Netherland Antilles-type tax haven for investors. Staffing the Guam office were Allen and Mary Pelletier and BBRDW consultant, Dan Clement. According to Clement: "I will work with families whose goals are perpetuating their wealth and improving their financial position."

Hong Kong

Another BBRDW consultant working with the Guam trust was Robert Jinks. He was BBRDW's investment manager. And told the *Pacific Daily News* that "Guam will see a lot of Hong Kong

money invested here" if BBRDW could turn Guam into an offshore banking center. There is at present a worldwide scramble for the capital of Hong Kong which reverts back to the People's Republic of China (PRC) in 1997. Right in the center of this scramble is the CIA. Battling for private U.S. corporate and financial interests. "The CIA," says Rewald's affidavit, "determining that it would benefit the United States to attract to the United States the 'flight' of foreign capital... determined to use [BBRDW] as the vehicle to attract such capital."

Thus, the CIA had BBRDW conduct a study on how to lure Hong Kong capital to Hawaii. The CIA, through a "John C. Edwards" funded the study and provided much of the data according to Rewald. The study called for corporate tax incentives and other legislative changes to lure Hong Kong investors to Hawaii. In conducting their research for the study in Hong Kong, BBRDW personnel made key contacts and publicized BBRDW as a haven to place Hong Kong capital. They also had input into the on-going media campaign to stimulate the flight of Hong Kong capital.

Robert Jinks has now stated publicly that BBRDW was a CIA operation. And that he was consciously involved in the CIA functions of BBRDW. In a lawsuit filed against the CIA in the U.S. District Court in Northern California, Jinks (plaintiff) made the following charges.

A. Plaintiff met with [name deleted] the Station Chief of the Honolulu office of the C.I.A. in the office of Bishop Baldwin on several occasions. Discussions revolved around activities Bishop Baldwin was engaged in on behalf of the C.I.A. On no occasion did [name deleted] ever object to reference to the C.I.A. or disavow C.I.A. involvement [sic].

B. Plaintiff was shown a telephone in the office of Ronald R. Rewald at Bishop Baldwin that was a direct and exclusive line to C.I.A. headquarters. Plaintiff overheard numerous conversations between Ronald R. Rewald and C.I.A. personnel concerning C.I.A. activities.

C. Plaintiff was introduced to numerous C.I.A. agents, either active or retired, who were employed by Bishop Baldwin. Plaintiff was able to confirm through outside

"I became concerned that I did not have, and needed to have something sufficient in the way of academic credentials to carry off the cover of an international businessman." So the CIA provided Rewald with diplomas in business administration and law from Marquette University in Wisconsin.

sources that these personnel were in fact employees or past employees of the C.I.A.

D. Plaintiff was made aware of the association of [name withheld] with Bishop Baldwin. [Name withheld] was the former senior C.I.A. representative in Moscow, responsible to the American ambassador and C.I.A. for all aspects of C.I.A. intelligence activities in the U.S.S.R.

E. Plaintiff was shown a study, compiled by Bishop Baldwin in 1978, that analyzed the economic consequences of recognizing Communist China by the Nixon administration. Plaintiff was told that the report had been prepared by the C.I.A. on a confidential basis for President Nixon.

F. Plaintiff accompanied Ronald R. Rewald and [name withheld] on an interrogation mission of a refugee from Afghanistan [sic] shortly after the Russian invasion into Afghanistan [sic]. Plaintiff was told that the mission was being conducted for C.I.A. purposes.

G. Plaintiff was introduced to [name withheld], the former Station Chief of the Honolulu office of the C.I.A. Plaintiff was told that [name withheld] was now a "consultant" to Bishop Baldwin.

H. Plaintiff made a trip with Ronald R. Rewald and [name withheld] to Hong Kong using an alias for the purposes of obtaining information regarding banking policies in light of the treaty negotiations between the British and Communist China over the future transfer of ownership of Hong Kong.

I. Plaintiff saw in the office of Ronald R. Rewald a magazine entitled "Association of Former Intelligence Officers" that had Ronald R. Rewald's name on the mailing label. Also on the wall was a plaque that said that Ronald R. Rewald was a member of the Association of Former Intelligence Officers. On numerous occasions while plaintiff was in the office with [name withheld] and [name withheld] who were well known C.I.A. officers, no mention was made of Ronald R. Rewald not being an officer of the C.I.A.

J. Plaintiff was told by Ronald R. Rewald that he had requested the help of [name withheld] of the C.I.A. to stop an IRS audit of Bishop Baldwin for fear that their covert activities would be uncovered. Plaintiff learned of this request in the presence of [name withheld], a known C.I.A. officer who did not disavow the request.

K. Plaintiff Robert W. Jinks had numerous other meetings with Ronald R. Rewald and [name withheld] to discuss C.I.A. operations conducted by and through Bishop Baldwin.

India

Even dirt poor India was a financial target of the CIA under the guise of national security. The Fund of India (FOI) was a pending venture which the CIA encouraged Rewald to join. We have obtained an FOI prospectus. Its officers were to be: Rewald, Shauna Pasrich, "Chan" Pasrich, David J. Baldwin, Sunny Wong, Teri Wong, and Gaylord Nelson, former U.S. Senator and Governor of Wisconsin. One stated objective of FOI was: "To channel some of the 'holy money' in the hands of Foundations and Ashrams for direct investments into India or through the Fund of India." Rewald explained FOI's purpose in the following exchange.

Q: "What was the Fund of India going to do? Or supposed to do?"



Dave Baldwin, a BBRDW consultant seen here with a friend, helped arrange a military hardware sale to Indira Ghandi. He signed a CIA secrecy agreement.

RR: "They wanted to bring out a whole lot of money out of India. And, they wanted, they wanted also to utilize funds that belonged to Indians that had left India...."

Q: "I mean what were they going to do with this money?"

RR: "It was going to be invested in the United States."

The Philippines

In the exhibits was a list of corporate directors, clergy, political figures, educators, labor officials, and media personnel in the Philippines. Rewald was supposed to cultivate them for the C.I.A. In a confidential memo dated August 19, 1983 from attorney Robert Smith, entitled "CIA Contacts and Operations," the following was noted.

(3) Also, the CIA is concerned to monitor Marcos in the Philippines, both in respect of capital flight and in that Mrs. Imelda Marcos is a close friend of Jean Ariyoshi [wife of Hawaii's governor] and is buying real estate through another name. It is [Enrique] Zobel who is close to the Marcos family, and this is Ron's contact.

(4) Additionally, Zobel and members of the Marcos family—all involved in the Philippine government—have the project being proposed in Soto Grande, Spain...."

In a confidential attorney/client interview, Rewald discussed Imelda Marcos.

"We were keeping a close eye on Mrs. Marcos the last couple of years under the direction of the Agency. She had been negotiating on purchasing some land here, all this is legal. They're allowed to do that. But it was the Agency's feeling that they were doing it in anticipation of early exile and obviously they looked to the United States. They had developed a close relationship with [Hawaii's] Governor and Mrs. Ariyoshi. And we had developed a very close relationship with the Governor's chauffeur. And we really were coming up with real good information."

BBRDW did contract Legal Investigations, Inc. for a "confidential investigation" of Hawaii property purchases by Marcos. The report (Case #030281-01) was submitted to Sunny Wong on March 4, 1981. It was the understanding of the investigator that the information was for the CIA.

According to the report, Marcos had purchased two estates in 1977 and 1980. Through Bienvenido and Oliceria Tantoco, Marcos purchased a 28,714 sq. ft. estate at 2338 Makiki Heights Drive for \$717,000 (\$200,000 down payment). The Tantocos are friends of Marcos and reportedly owners of the Rustan Shopping Center in Manila. Through Antonio Floirendo, Marcos bought the 46,280 sq. ft. Helen Knudsen Estate at 2443 Makiki Heights Drive, across the street from his other estate. The price was \$1 million with an \$800,000 down payment. Floirendo is reportedly a major land owner in the Philippines and a supporter of Marcos.

As mentioned earlier, Enrique Zobel claimed that his only connection to Rewald was through polo. In a confidential attorney/client interview, Rewald said the following about Zobel.

"Enrique Zobel. This is such a key thing and such a big deal. Because he was the number one, number three person on the Agency's list of most influential people around the world. They wanted to establish contact with and develop. And, I had developed that over a period of many years. My first contact with Enrique was back in '79, and it developed to the point in the last couple of years where, you know, we were doing very, very big things. But, Ayala-Hawaii Corporation was never set up to develop or handle polo.

"First of all, I had everything there was in polo already wrapped up in the Hawaii Polo Club which was a corporation. If I had wanted to do something with Enrique in polo, we would have done it through there. Ayala was set up really to hold a transaction we were closing in Soto Grande, Spain where we were transferring millions of dollars and much of that, half of it would have gone back to Enrique. And, Ayala is really his company, and his name and everything else. It was just being set up here to facilitate that, and, you know, at the Agency's urging."

Zobel never mentioned a joint project in Soto Grande, Spain. BBRDW files contained several items regarding Zobel, BBRDW, and Spain. One was a note to Rewald from his secretary. It says: "Enrique Zobel would like to know when you are going to Spain. He is holding a house for you...."

Another item was a June 27, 1983 report from BBRDW consultant, Ned Avary. It was a detailed assessment of the Soto Grande community. It portrayed Soto Grande as a highly-attractive investment. And that "Soto Grande has a past and possibly present cash flow problem." Finally, it said the reported owners included the Ayala Family of Manila (75%). BBRDW files also included telexes from Avary originating in Soto Grande.

A fourth item was a financial viability study on Soto Grande by Richard Ellis.

Before being jumped on by Zobel, the *Honolulu Star Bulletin* reported that the Philippine government was scrutinizing the Ayala-Hawaii Corp. The government was concerned that Zobel might be placing money directly into Ayala-Hawaii. This way he could avoid exchanging pesos through the Philippine Central Bank. Thus, he could secretly export his money to the U.S. and there would be no government record of this flight of capital.

Rewald claims the CIA and BBRDW were so sheltering foreign monies. In a memo from attorney Robert Smith, attorney Peter Wolff argued that the reported, pending Zobel/BBRDW project in Soto Grande was to secretly export Zobel's money to Spain, then to shelter in Hawaii.

Rewald explained the CIA's cultivation of Zobel. "And, our whole purpose in developing Zobel was he was very, very close to President Marcos. And, we were getting very, very high intelligence on Marco's frame of mind, his moods, his intentions, and, you know, movements at high levels in the Philippines. And, that was the purpose of it."

In the same interview, Rewald addressed Zobel's assertions that he had not become involved except for polo. Also, Zobel's contention that he advised others not to trust Rewald and to withdraw their money in BBRDW.

"That was back in 1980 that Enrique supposedly did that. And, it's obvious to see that everything we were doing with Enrique in the last couple of years happened after that. And, if he was advising people that we were doing something wrong and they should take their money out, he was sure acting funny because that's when we set up Ayala-Hawaii. That's when we put together the project in Spain with the Sultan of

According to Rewald's affidavit, "We were approached to arrange through the CIA for the supply of military hardware to Indira Ghandi." "Kickbacks and bribes were the key to the whole India thing."

Brunei. That's when we planned this trip. November, he was introducing me personally; had meetings set up with President Marcos and myself and dinners and so on. Even though I was going on this mission, the [U.S.] government mission, in November to the Philippines, Enrique had set up private dinners and meetings besides that, you know, which...plus we were doing an awful lot. None of it relating to polo....

"...But, Enrique in anticipation of that had set up his own personal meetings between Marcos and Enrique and I and, you know, dinners and that was being handled separately on that Reagan trip. Some of the delegation was going on to Hong Kong or other places afterwards. I don't even remember where they were. I think possibly Indonesia or something, I'm not sure. I just don't recall. And, Enrique had asked me to stay on there which I had agreed to do, you know. And, we were going to do some business."

In a separate confidential attorney/client interview, Rewald elaborated about Zobel.

"Everybody in town [Hawaii] had tried to develop a relationship with him. And I started doing that about 3 or 4 years ago. It developed to the point where last time he was in town we had dinner together maybe 4 or 5 times in about a week and a half. And his kids and all sorts of things. We had a very, very close relationship and we were getting very, very high level intelligence out of him on Marcos. They would have dinner

together, entertain other politicians and world leaders together. And he'd come back and tell me about it.... Because we were talking about finance, investments, Philippines and the United States...we really hit it off and we developed a very close relationship. So we were really using this to monitor not only President Marcos, who we were getting a lot of intelligence on him, but the financial world in the Philippines, in Europe, where ever they [Ayala] had...he owns banks in San Francisco, on the mainland, and large projects in Spain and in Europe...."

When asked whether Zobel was aware of the CIA involvement, Rewald answered: "Yeah, I believe he was." Rewald added: "And, he was an easy talker. I mean, he was very opinionated. He was not a fan of Marcos. Although he was, you know, very close to Marcos. They would have dinner together. And, he would relay, you know, all the type of information we wanted freely, you know. But, understand, we were saying 'yes' to everything he wanted too."

Indonesia

In the affidavit, Rewald says, "We were presently funding small expenses to Mr. Gardell Simpson, the Indonesian Consul General here. I think we were covering his car payments. He was to name me Honorary Consul General this Fall [1983], which would have further opened the door for high level Indonesian intelligence."

Simpson maintained an office at BBRDW. In a confidential lawyer/client interview, Rewald added that his appointment would be the "entry to our doing a lot of work with the government in Indonesia.... I was being asked to do more and more ... and we [CIA] were getting a lot out of it too."

In Rewald's personal papers there was a letter from Gardell Simpson, Jr., Honorary Vice Consul for Indonesia in Honolulu. Dated March 8, 1983, it read, "With as strong a language as the Indonesians are wont to use, it was 'assured' that upon Mr. Rehberg's retirement from PRI and his resignation as the current Honorary Consul in Honolulu, your name would be presented for the honorarium to President Soeharto. Now, please understand that this is

not set in concrete or guaranteed; however, at this juncture the position is yours if at the time of appointment you are still desirous of same."

Simpson began his letter by saying it was a "trip report" for the period February 25—March 4, 1983 to Washington, D.C. He added, "Attached please find most of my expenses incurred. I have another receipt for approximately \$300 but am unable to find it. When I do will submit." The report was an itemization of Simpson's daily visits with various Indonesian officials in Washington.

Simpson promised to keep Rewald informed of Indonesian dignitaries passing through Hawaii. And to arrange meetings with them. "The people in Washington felt that this could be accomplished," said Simpson, "and an exposure of yourself [Rewald] would benefit you when appointment time comes."

Simpson stated that "I look forward to a long and lasting relationship." Still he cautioned: "I cannot over emphasize the requirement for confidentiality at this time; I'm sure you can appreciate my position."

The same day, Simpson sent a letter to the Indonesian Counselor in Washington, Sadijar Sastrohandoyo. "Now that I have thawed out from your frigid D.C. weather," said Simpson, "I...extend my most sincere thanks for all your efforts on my and Mr. Rewald's behalf."

"I have relayed to Mr. Rewald the circumstances under which his recognition will be forthcoming and he is anxiously awaiting the opportunity to serve."

One Indonesian connection to Rewald was the wealthy industrialist, Indri Gautama, a BBRDW consultant and investor. There are many photographs of Rewald and Gautama together in business and social settings. Rewald says he incorporated Hawaiian-Arabian Investment Company, Inc. on July 2, 1982 and the United Arab Emirates Investment Co. with Gautama. In Rewald's papers was a share in Hawaiian Arabian Investment. It showed it to be incorporated in Hawaii on July 2, 1982 with Rewald as president and secretary.

A notice in the *Pacific Business News* (8/30/82) reported both companies had been incorporated in Hawaii. And Gautama was treasurer of both. Notarized State of Hawaii corporation papers exist for both Hawaiian-Arabian and United Arab

Sue Wilson, a BBRDW employee who had worked for the National Security Agency, told a Hawaii TV station that it was "pretty common knowledge" that BBRDW was a CIA operation. She had, she said, regular contacts with the CIA for BBRDW.

Emirates. They list Gautama as treasurer for both.

Gautama's precise role is not known. But, Rewald's affidavit does say that: "The Agency's concern is to know what OPEC countries are going to do so as to gain advance knowledge on the movement of oil prices. Indonesia is a leading member of OPEC.... These covert operations are ongoing today, and involve... the Guatamas, wealthy Indonesian industrialists.... The ultimate aim was to place monies with them, at their disposal, in 'investments' in foreign countries in various joint business activities. But these investments were secondary to the intelligence to be gathered from them concerning the OPEC community."

Another example of Gautama's role was a pending Philippine resort development project. CIA money, some \$600,000, was to be passed to Saud Mohammed through Indri. The affidavit says: "...I did locate eight checks in small denominations, to Indri Gautama [Exhibits 86 through 94], totalling \$48,000. This is but one example of using someone as a conduit for the funnelling of [CIA] funds."

The affidavit indicates a G. Gautama as having \$399,893.83 in a

altered account (#506) at BBRDW. This was a CIA/BBRDW service. It secured an individual's money outside his or her country. If they had to flee, the money was waiting for them in the U.S.

Asked whether Indri Gautama was aware of the CIA involvement, Rewald replied. The "Guatamas maybe didn't [know] for about three weeks, and then from then on they did."

Cambodia

Marshall Lon Nol is the former CIA installed president of Cambodia. Rewald bought a house from Lon Nol in Hawaii. And used it as an address for some of his CIA ventures. Rewald's affidavit says Lon Nol "asked for help in supplying arms to fight the Khymer [sic] Rouge. After talking to the Agency, all I could provide was some supportive editorials."

The exhibits include a Rewald letter-to-the-editor attacking Pol Pot and the Khmer Rouge and a December 4, 1978 letter to Rewald from Lon Nol. The letter thanks Rewald for his L-T-E. Advocates the overthrow of the Khmer Rouge regime. And, requests a "donation" of "weapons" for "the resistants in the Country..."

Domestic Propaganda

Rewald claimed to be planting articles in the U.S. press for the CIA. An illegal domestic propaganda operation. His exhibits included a "Media Highlights Update" bearing the CIA emblem. A notification states that the updates are "to bring to the attention of key Intelligence Community personnel news items of interest to them in their official capacities. They are for internal informational purposes only." The update featured highlights from a critical review of the anti-CIA film, "On Company Business." Attached was a copy of the review. It was by the ultra-right tabloid, *Human Events*.

Rewald said the CIA would show him "things that other people had written." To give him "ideas to write on and areas they'd like covered..." In an interview with attorney Robert A. Smith, the following exchange occurred.

RR: "Here's an editorial I did on Cambodia. The agency [CIA] would direct activity they wanted created, whether they be in the area of getting the word out on certain political issues there, their economic issues, this one happens to be on Cambodia on the communists and I put on an editorial which got published."

RAS: "Ya, the article is in there, the newspaper."

RR: "Ya, all of mine got published. I probably put out you know, dozens, you know in various papers, and so on..."

The exhibits included Rewald's editorial on Cambodia printed as a Letter-to-the-Editor in a Hawaii newspaper. As well, there was a letter from Marshal Lon Nol, the former CIA-installed President of Cambodia. It thanked Rewald for his L-T-E. (Rewald once owned Lon Nol's former home.) Another exhibit was an editorial by Rewald published in the *Honolulu Star-Bulletin* of May 21, 1980. Appropriately entitled: "Rebuilding the CIA."

Rewald added the following in another confidential attorney/client interview.

RR: "...I was just going to mention in passing that Jack Kindschi, when he was station chief, had me working on some anti-ACLU [American Civil Liberties Union] project. We wrote a number of editorials, submitted them to papers and so on."

Q: "Any overt action on your part?"

RR: "Not other than editorial writing. But I know that these editorials are available somewhere, too. It might be interesting reading for you or other friends of yours down the road."

"Kindschi wrote a number of them. I might have, somewhere in the files, the name that Kindschi used to write them under. I used my own name sometimes. Mine is easy. Kindschi used another name, because he was the overt officer here. They were always trying to subvert that."

Information Rewald sent to Senator Edward Kennedy and then-presidential candidate Ronald Reagan has also to be seen as domestic propaganda. The information he sent to Kennedy

"The Agency always needed bankers. And laundry operations and so on. They were always pushing us to put up offshore banks and things of this nature. It's an important part of the Agency function to be able to leave funds around the world. And banks and trust companies are the easiest way to do that."

was based on CIA-connected trips. And, Rewald said he was trying to personally cultivate Reagan for the CIA in case he was elected.

Retirement

Rewald claims he wanted to retire at 40. But the CIA continued to escalate its involvement. This was personified in John Sager. As Rewald put it,

"Despite all the investigations, many covert CIA operations continued; and almost the last thing I did before the events of July 29 was extend an offer of employment to one John Sager, whose resume [Exhibit 79] marks him unmistakably as a full-time intelligence and counter-intelligence officer of absolutely top caliber. There would have been no reason for me to hire him except in furtherance of Agency activities; and thus my relationship with the Agency was ongoing as of July 29."

John Sager's resume, reportedly released by interim bankruptcy trustee

Thomas Hayes, did mark him as a top level CIA officer. It bears quoting at length.

Experience

INTELLIGENCE OFFICER—Soviet and Middle East Affairs—overseas collection operations, counterintelligence and security. CIA Headquarters operations executive.

Intelligence interviewing and reporting on contemporary [1980s] Soviet internal affairs. Interviewed former Soviet citizens employed in scientific and research/development programs. Prepared intelligence reports for distribution throughout U.S. intelligence community covering critical-interest topics in computer hardware technology, petroleum extraction and production planning, and anti-aircraft weapons systems.

Senior CIA representative in Moscow, responsible to American ambassador and CIA headquarters for all aspects of CIA intelligence activities under control or jurisdiction of CIA representation in USSR. Ten years' overseas residence and experience in the USSR and Middle East, plus numerous official visits to European capitals and major cities.

Liaison and negotiations with foreign government officials, civil and military. Secured and then implemented agreements of cooperation and support to American intelligence collection programs. Developed and participated in training programs for foreign intelligence officers. Provided frequent guidance to program development within foreign intelligence services.

In the U.S., CIA Branch Chief, supervised work of thirty intelligence officers, intelligence assistants and clerical personnel. Initiated operational programs to be executed by overseas field stations and supervised Headquarters support of these activities. Also responsible for preparing or reviewing personnel performance evaluations, assessments of intelligence collection programs, budget preparations and requests, and reviewing and modifying organizational structures.

Over the years developed, recruited, trained and utilized scores of individuals, foreigners and Americans, from a wide variety of occupations, as sources of foreign intelligence. Planned, managed and directed intelligence support networks and collected, processed, and reported to CIA headquarters foreign intelligence in the military,

economic, science/technology, and social fields, especially relating to the USSR and the Middle East.

Counterintelligence and security, American embassies abroad. Responsible for counterintelligence programs at U.S. Embassy in Moscow and for personnel security measures among U.S. Mission staffs.

Speak, read, write Russian.

Teaching/training (have been trained in then taught others):

Observation, description, report writing.

Intelligence collection techniques.

Repair of technical collection equipment, photographic other.

Psychological assessment techniques and evaluation of potential intelligence sources.

Balloon piloting.

Intelligence tradecraft (photography, Identi-Kit, flaps/seals and surreptitious entry, locks and safes, secret writing, agent radio communications, surveillance and countersurveillance).

John Sager's call card says he's a retired U.S. Foreign Service Officer. When he was contacted, he said he was joining BBRDW with regards to investments in fly-fishing. Informed that his resume was in hand, he said: "I thought we had sealed all those."

Rewald says that Sager's fly-fishing contention was an "absolute lie." Rewald adds that Sager had previously worked on BBRDW projects with Jack Kindschi. That Sager "was a Russian expert for the most part." That Rewald was "directed by Kindschi to hire" Sager. And that Sager "was being brought in at that particular time to work with Kindschi."

IRS

In November 1982, Rewald became concerned about an audit of BBRDW by the Internal Revenue Service (IRS). It threatened to uncover the CIA involvements. So Rewald contacted CIA station chief Jack Rardin. To get the IRS to "stand down" from its investigation, i.e., to stop.

"Yet the IRS investigation," says Rewald, "had continued unabated. I became concerned, at this point, that I was not getting support from the Agency which I felt I should be getting. This in turn caused me to decide that I should take steps to insure that I

Rewald planted articles in the U.S. press for the CIA: an illegal domestic propaganda operation. Rewald said the CIA would show him things that other people had written to give him ideas to write on and areas they'd like covered.

have evidence, should the time ever come when it was necessary to use such evidence, establishing my connections with the Agency."

So, Rewald secretly taped a meeting with Rardin. Regarding the IRS investigation, the following was recorded.

RR: "Jack, has the agency got back to you on my tax problem and"

JR: "No, not yet, but I had some, uh, should have some information today, I think."

RR: "You know, I just, you know, really like to get some word and assistance and direction on what I should do and what I shouldn't do and"

JR: "Ya."

RR: "So if you could get back to me on that I sure would appreciate it."

JR: "Ya. Well, as I say."

RR: I don't want any problems with the IRS."

JR: "No, I know. Sure don't. We don't either."

To Rewald's surprise, the IRS investigation continued. We have obtained a copy of an IRS Summons to Rewald to appear before Camplone on January 28, 1983 along with BBRDW's financial records. The summons was issued on January 17th.

The next day Rewald signed a letter to Rardin dictated by Kindschi. "By this time," said Rewald, "Kindschi was a full-time consultant for Bishop Baldwin but continuing in CIA activities, as Rardin well knew. Kindschi was incredulous and angry that Rardin had not taken steps to stop the IRS investigation."

A copy of the letter has been obtained. It states that the IRS was focused on Canadian Far East Trade Corp., CMI Investment Corp., Hudley, Johnson & Moore, ITTHENTER, H&H Enterprises, John C. Kindschi, and Eugene Welsch. And that the pending audit "threatens the security of all subsidiary companies, as well as Bishop, Baldwin, Rewald, Dillingham & Wong and myself."

"Can Washington representative," continued the letter, "meet with cleared IRS official to deflect continuing probes or does Washington prefer to send tax staff experts to Honolulu to counsel me directly???"

"Request immediate action to preserve cover and security of company complex," concluded the letter.

On January 28, 1983, Rewald did not appear before Camplone. Dana Smith, then Rewald's corporate attorney was told by Camplone that a stand down was in effect. Smith confirmed the stand down that same day in a letter to Camplone. It said: "I wish to confirm that the District Director of the Internal Revenue Service has instructed your supervisor, Mr. Ken Taylor, to instruct you to hold off in your investigation of my client, Mr. Ronald R. Rewald." (Subsequent press inquiries to Camplone have met with: "No Comment.")

However, Camplone returned to BBRDW. The *Honolulu Star-Bulletin* claims that in the interim the CIA extracted one of its agents from BBRDW. Because his cover was threatened by the IRS audit.

So, Smith wrote again to Camplone.

"I was surprised to learn that you had visited Mr. Ronald R. Rewald's residence and that you examined his

wife concerning the tax matter under investigation. Your conduct violates what I assumed was our understanding regarding contacts on this case. In addition, it was my understanding pursuant to our telephone conversation of January 28, 1983 and my letter to you of the same date, that government intelligence incursion had resulted in a suspension of your investigation in this matter pursuant to your instruction from the District Director of the Internal Revenue Service...

"At your earliest convenience, I would like to meet with you to discuss the substance of your contacts with the C.I.A., the perimeter and scope of your resumed inquiry, and, in view of intelligence agency interest, the procedural steps you plan to employ."

Subsequently, says Rewald, Camplone informed Smith that sealed instructions had been received by the IRS Director from the CIA. They ordered the stand down. And, the IRS was complying.

By the following June, no IRS audit of BBRDW had been completed. That month Rewald received a letter from CIA agent "Rick Cavanaugh." It said: "I assume your 'tax problem' with CMI has also all been taken care of." Presumably, Cavanaugh was referring to the IRS stand down.

Apparently, a stand down was in effect. For according to IRS records, Camplone had served BBRDW with a second summons for their financial records on March 7, 1983. BBRDW provided some of these records. But, an IRS enforcement action requiring the remainder was not filed until July 27, 1983. And, a summons was not served until August 2nd. After BBRDW had collapsed. To the present time, the IRS has not caused any indictments to be issued in this case.

In March 1984, Senator Daniel Inouye of Hawaii told the Hawaiian press that he had asked the CIA about its involvement with Rewald and BBRDW. "This matter," Inouye was quoted as saying, "has been under active consideration and close scrutiny by the Agency. Beyond that, I cannot say anything."

CIA spokesperson, Dale Peterson, now says that the CIA had only "slight involvement" with BBRDW. "But," added Peterson, "I'm not at liberty to go into details of what the relationship was. We deny any allegations that suggest we had anything to do with running the company."

Rewald contends that the CIA should share responsibility for the missing funds because investor's monies were mixed with CIA funds and expended in CIA investments.

Apparently, some of the investors agree, for they are suing the CIA for their missing funds.

Bankruptcy administrator, Thomas Hayes, after reviewing the financial records, now says BBRDW received \$2,744 from the CIA over a four-year period for phone and telex costs. At one point, he said this figure was \$5,000. Originally, he said there was no CIA involvement.

The *Honolulu Advertiser* (3/28/84) now reports that some eight CIA personnel, including Jack Kindschi and Jack Rardin, invested almost \$500,000 in BBRDW. And, at least some of them made a profit. Both Kindschi and Rardin withdrew their money plus interest shortly before BBRDW collapsed. Rewald's affidavit adds that CIA agent Charles Richardson had an investment account at BBRDW. And, that at one point, BBRDW paid him a 10% commission. We have obtained a copy of a letter from Richardson requesting this payment.

Investments by current and former CIA personnel in a CIA-connected operation would appear to present a conflict-of-interest and a highly questionable practice.

CIA attorney Robert Laprade's affidavit said that: "The CIA was not aware of, and had absolutely nothing to do with, Ronald Rewald's alleged appropri-

tion to himself of the funds of Bishop, Baldwin, Rewald, Dillingham & Wong or its investors."

Where's the Money

Rewald could be using his CIA involvements in an effort to evade potential liability for the \$12 to \$20 million in missing investors' funds. But the way he could have used that was to threaten to expose CIA operations unless the legal charges were dropped. Since much of the CIA's involvement with BBRDW has been exposed, Rewald can hardly use it to evade liability.

What Rewald has apparently contended from the beginning is that the CIA should come forth and share responsibility for the missing funds. Because investors' monies were mixed with CIA operational funds and expended in CIA investments. Thus, "with Agency assistance," as Rewald put it in his affidavit, "it may yet be possible, despite all the publicity, and if Agency connections are utilized, to realize on these transactions or at least bring back into Bishop Baldwin money which has gone into these [CIA] transactions."

Apparently, some of the investors agree. For they are now suing the CIA for their missing funds.

Even if Rewald did abscond with the money, the CIA bears responsibility. Because of its admitted involvement, the CIA knew or should have known of the manner in which Rewald and BBRDW were raising and expending investors' funds. Thus, if there were fraud going on, the CIA should have become aware of it at some point. Particularly since it is an intelligence agency.

Secondly, Rewald had undergone a personal bankruptcy and was convicted of fraud in Wisconsin before his involvement with BBRDW. The CIA either failed to put Rewald through a security check which would have revealed the bankruptcy and the conviction. Or it did put him through a security check. Ignored the bankruptcy and conviction. And undertook a working relationship with him in a position where he could engage in fraud. Either way, it would appear that the CIA was negligent in choosing Rewald. And thus, bears responsibility with regards to missing funds.